

Message Text

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P R 030014Z DEC 76
FM SECSTATE WASHDC
TO AMEMBASSY OUAGADOUGOU PRIORITY
INFO AMEMBASSY ABIDJAN
AMEMBASSY ACCRA
AMEMBASSY BAMAKO
AMEMBASSY BANGUI
AMEMBASSY COTONOU
AMEMBASSY DAKAR
AMEMBASSY LAGOS
AMEMBASSY LIBREVILLE
AMEMBASSY LOME
AMEMBASSY LONDON
AMEMBASSY NIAMEY
AMEMBASSY NDJAMENA
AMEMBASSY PARIS
AMEMBASSY YAOUNDE

C O N F I D E N T I A L STATE 294487

E.O. 11652: GDS

TAGS: BEXP, EAIR, UV

SUBJECT: PAN AFRICAN AIR INDUSTRIES (PAAI)

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REF: OUAGADOUGOU 3384

1. SUMMARY: COUNTRY OFFICER HAS BEEN CONTACTED SEVERAL TIMES THIS WEEK BY GEN JOSEPH BARRON (USAF-RET), ONE OF FOUNDING PARTNERS OF PAAI. PAAI IS AT CRITICAL JUNCTURE IN ITS NEGOTIATIONS WITH GOUV. IT MUST RECEIVE SIGNED LETTER OF INTENT FROM GOUV WITHIN APPROXIMATELY NEXT TEN DAYS OR JEOPARDIZE ENTIRE DOLS 15 MILLION FINANCING ARRANGEMENT. MONEY IS NEEDED IN CASE PAAI BID ON TEN BELFAST AIRCRAFT IS ACCEPTED BY BRITISH MINISTRY OF DEFENCE. BARRON APPEALED TO DEPT/EMBASSY FOR ASSISTANCE IN CONVINCING GOUV TO MOVE FORWARD. END SUMMARY.

2. BARRON HAS BEEN CONTACTED BY COL THOMAS ROBERTSON, PAAI FOUNDER AND PRESIDENT, WHO PRESENTLY IN OUAGADOUGOU ATTEMPTING TO ARRANGE GOUV SIGNATURE OF LETTER OF INTENT. THIS LETTER NEEDED TO TRANSFER DOLS 10 MILLION AVAILABLE FROM ARAB DEVELOPMENT BANK IN KHARTOUM (BADEA, IN FRENCH), WHICH GOUV IS ELIGIBLE TO RECEIVE. THIS SUM WILL BE USED SOLELY FOR START-UP COSTS OF PAAI OPERATION. REMAINDER OF DOLS 15 MILLION TOTAL FINANCING, ACCORDING TO BARRON, BEING ARRANGED THROUGH BRITISH SOURCES. INTEREST RATE ON BADEA CREDIT WILL BE BETWEEN 2 AND 7 PERCENT; BARRON SAID PAAI OBVIOUSLY DOES NOT WISH TO LOSE THIS RELATIVELY INEXPENSIVE SOURCE OF FUNDS THROUGH GOUV FOOT-DRAGGING.

3. STILL ACCORDING TO BARRON, ROBERTSON HAS LEARNED THAT GOUV RELUCTANCE PROCEED WITH SIGNING OF LETTER OF INTENT (ORIGINALLY SCHEDULED FOR 11/25) IS DUE TO AMEMBASSY OUAGA'S LUKEWARM ATTITUDE REGARDING PAAI. THIS NATURALLY UPSETTING TO PAAI PRINCIPALS, WHO FEEL THAT USG SHOULD BE PROMOTING THEIR VENTURE TO FULLEST EXTENT POSSIBLE.

4. IN RESPONSE, COUNTRY OFFICER EXPLAINED THAT AMEMBASSY OUAGA (AS WELL AS OTHER FIELD POSTS) HAD REQUESTED BACKGROUND MATERIAL ON PAAI. THIS SIMPLY NOT AVAILABLE DUE TO NEWNESS OF FIRM. BARRON AGREED STANDARD REFERENCES NOT EXTANT FOR PAAI, BUT HE DID REVEAL THEIR SOURCES OF FUNDING. NEW PAAI PARTNER (AND FINANCIAL ANGEL) IS MR. ALBERT PAXTON, PRESIDENT OF PAXTON VAN LINES, SPRING-CONFIDENTIAL

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FIELD, VA. (FYI: ACCORDING DUN AND BRADSTREET 1977 MIDDLE MARKET DIRECTORY, PAXTON VAN LINES HAS ANNUAL SALES OF DOLS 2 MILLION, EMPLOYS 40, AND ENJOYS GOOD CREDIT RATING. END FYI). IN ADDITION, PAAI HAS RECRUITED SERVICES OF ONE PIERRE MARRIOTTE, FRENCHMAN WITH EXTENSIVE FINANCIAL CONNECTIONS WHO ARRANGED BADEA CREDIT. PAAI REFERRED TO MARRIOTTE BY ANTOINE YAMEOGO, FORMER IMF EXECUTIVE DIRECTOR.

5. DETAILS ON BELFAST AIRCRAFT BID WERE GIVEN COUNTRY OFFICER BY MILATT AT BRITISH EMBASSY ,WHO CONTACTED COUNTRY DESK FOR BACKGROUND ON PAAI. TEN BELFAST AIRCRAFT (PAYLOAD 40 TONS EACH) ARE BEING AUCTIONED BY HMG. PAAI HAS SUBMITTED BID, WHICH THEY HOPEFUL WILL BE ACCEPTED. HMG MINISTRY DEFENCE QUERIED THEIR EMBASSY IN WASHINGTON RE PAAI'S BONA FIDES. COUNTRY OFFICER INFORMED BRITISH MILATT THAT PAAI IS FLEDGLING CIVIL AVIATION FIRM, INTERESTED IN THE EXPORT OF MEAT, HIDES, AND PRODUCE FROM WEST AFRICA TO EUROPE AND OTHER MARKETS AND IN RETURN TRADE TO WEST AFRICA. MILATT COULD NOT EVALUATE CHANCES OF PAAI'S BID ON BELFASTS BEING ACCEPTED BY HMG, BUT SAID HE COULD INQUIRE.

6. ACTION REQUESTED: WHILE USG CANNOT AND SHOULD NOT GIVE BLANKET SEAL OF APPROVAL TO PAAI, DEPT FEELS THAT EMBASSY SHOULD EXPRESS CONCERN TO GOUV THAT PAAI FINANCING MIGHT BE JEOPARDIZED IF GOUV DOES NOT ACT SOON. EMBASSY COULD ALSO COMPARE NOTES WITH GOUV REGARDING FINANCING ARRANGEMENT OUTLINED ABOVE, AND PASS ON INFO ON ASSETS OF PAAI'S PRINCIPAL BACKER, PAXTON VAN LINES.

IF EMBASSY NEEDS FURTHER INFO, SUGGEST CONTACTING COL ROBERTSON DIRECTLY, AS HE STILL IS IN OUAGADOUGOU.

7. FYI: ACCORDING GEN BARRON, ROBERTSON HAS BEEN INVITED BY GOUV TO EXPLAIN PAAI TO CILSS MINISTERS' MEETING IN NDJAMENA AS EXAMPLE OF HOW PRIVATE ENTERPRISE CAN ASSIST ECONOMIC DEVELOPMENT OF SAHELIAN STATES. END FYI.

8. ANY INFO ADDRESSEE POSTS CAN SHED ON NATURE UTA-AIR
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AFRIQUE CONVENTION WOULD BE MOST USEFUL. TO DATE PAAI HAS STATED THAT CURRENT UTA-AIR AFRIQUE AGREEMENT ALLOWS COMPETITION FROM AIRLINES TIED TO LOCAL PRODUCTION IN WEST AFRICA. KISSINGER

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